

## STATEMENT OF CONSIDERATIONS

**ADVANCE WAIVER OF PATENT RIGHTS TO HONEYWELL POWER SYSTEMS, INC. UNDER DOE CONTRACT NO. DE-FC02-00CH11061 FOR DEVELOPMENT OF ADVANCED MICROTURBINE SYSTEMS; CH-1042; W(A)-00-027**

Honeywell Power Systems, Inc. (Honeywell) has petitioned for an advance waiver of domestic and foreign patent rights to inventions conceived or first actually reduced to practice under DOE Contract No. DE-FC02-00CH11061. This advance waiver is intended to apply to all subject inventions of Honeywell's employees and those of its subcontractors, regardless of tier except subcontractors eligible to obtain title pursuant to P.L. 96-517 as amended, and National Laboratories.

As brought out in its waiver petition, the long term objective of this contract is to develop critical components, subsystems and integrated systems associated with advanced microturbine systems. Both Honeywell's and DOE's programmatic objective is to achieve specified efficiency environmental emissions, multi-fuel options, durability and economy of advanced microturbine systems and associated equipment in the 350 kW to 600 kW power range. Honeywell will lead a team including various Honeywell businesses, other small and large businesses, and at least one DOE National Laboratory to achieve these objectives.

As indicated in its response to Question 3 in its waiver petition, the total value of this agreement is expected to be about \$18.4 million, with Honeywell cost sharing approximately 45.5% of the total cost. The performance period for this agreement is expected to be thirty-nine (39) months.

Given the teaming arrangement contemplated under this agreement, the purpose of this waiver is to vest title to the parties' inventions in a fashion enabling them to expediently commercialize the developments arising under the agreement. Accordingly, given the level of cost sharing Honeywell has committed to, DOE will waive the Government's title to subject inventions


other than inventions made by Bayh-Dole team members pursuant to P.L. 96-517, as amended, or National Laboratories, to Honeywell or such other entities as may be designated by the parties agreeing to the terms of this waiver. It is expected that patent rights will be allocated among the parties on the basis of cost sharing as well as the other equities among the team members.

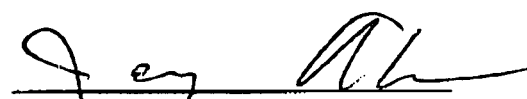
This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver and background data licensing provisions. Those terms include the usual Government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes a U.S. Competitiveness clause, (paragraph t), which requires that products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived inventions undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

The grant of this waiver is not expected to have any advance effects on competition or market concentration. Rather, as noted in Honeywell's response to Question 9, granting the waiver will likely increase competition and dilute market concentration. Moreover, given Honeywell's demonstrated commitment to this technology, granting the waiver should encourage Honeywell and other U.S. based microturbine manufacturers to develop their U.S. manufacturing base in a technology that has heretofore been essentially dominated by foreign owned and controlled entities.

Considering the foregoing, and in view of the statutory objectives to be attained and the


factors to be considered, it has been determined that this advance waiver of patent rights will best serve the interest of the United States and the general public. Subject to Honeywell providing at least forty five percent (45%) cost sharing, in aggregate over the term of this, and subsequent phases of the agreement, it is recommended that the waiver be granted.

  
Thomas G. Anderson  
Assistant Chief Counsel  
Office of Intellectual Property Law  
Date: 2/15/01

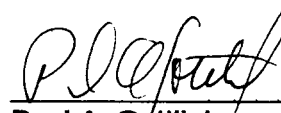
  
Joy Alwan  
Patent Attorney  
Office of Intellectual Property Law  
Date: 15 Feb 01

Based on the foregoing Statement of Consideration, it is determined that the interest of the United States and the general public will be best served by a waiver of the United States and foreign rights as set forth therein, and therefore the waiver is granted. This waiver shall not affect any waiver previously granted.

**CONCURRENCE:**

  
William Parks  
Associate Deputy Assistant  
Secretary  
Office of Power Technology  
SH-021/FORS  
EE-10  
Date: 3/6/01

**APPROVAL:**

  
Paul A. Gottlieb  
Assistant General Counsel  
for Technology Transfer and  
Intellectual Property  
Date: 3-13-01